



JSA Newsletter Insurance

November 2025

The Insurance Regulatory and Development Authority of India (“**IRDAI**” / “**the Authority**”) introduced several measures in the third calendar quarter of 2025 aimed at fostering innovation in the insurance sector, enhancing policyholder protection and strengthening the overall governance framework.

To strengthen the digital payment ecosystem against potential frauds, Telecom Regulatory Authority of India (TRAI) convened a meeting of the Joint Committee of Regulators comprising multiple regulators and key government agencies including Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Ministry of Home Affairs (MHA), Pension Fund Regulatory and Development Authority (PFRDA)¹. The meeting focussed on deliberating collaborative regulatory measures to address the growing incidence of digital payment related frauds. The committee *inter alia* discussed steps and timelines for phased migration to dedicated 1600-number series in the phased manner for transactional and service calls originating from the banking, financial service and insurance (BFSI) sectors².

In a parallel development, the Bima Sugam India Federation announced the launch of its official website to establish India’s first digital public infrastructure for insurance, aligning with the national vision of “*Insurance for All by 2047*” and the mission of “*Viksit Bharat 2047*”³.

Also, the IRDAI convened its 132nd meeting and approved the following policy developments⁴:

1. the rural, social sector and motor third party obligations of the insurers for the financial year (“**FY**”) 2025-26 and FY 2026-27 under the IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024;
2. clarifications pertaining to the IRDAI (Maintenance of Information by the Regulated Entities and Sharing of Information by the Authority), Regulations 2025 (“**Maintenance of Information Regulations**”); and
3. modification to the Revised Guidelines on Insurance Repositories and Electronic Issuance of Insurance Policies (“**Revised Guidelines on Insurance Repositories**”).

Further, taking a step towards enhancing grievance redressal and policyholder protection, IRDAI released the draft guidelines titled ‘Exposure Draft of the Internal Insurance Ombudsman Guidelines, 2025’ (“**Draft Guidelines**”) to propose the establishment of an independent and impartial review mechanism within insurers to address unresolved or escalated complaints in a fair, transparent, and time-bound manner. The Draft Guidelines will be applicable to all insurers (except reinsurers) with more than three years of operations⁵.

¹ Press Release dated July 22, 2025

² Press Release dated July 22, 2025

³ Press Release dated September 17, 2025

⁴ Press Release dated July 15, 2025

⁵ Press Release dated July 23, 2025

Lastly, the IRDAI Chairman held a detailed interaction with the chief executive officers of the insurance companies and appointed actuaries in the month of September 2025.⁶ The exemption of life and health insurance from goods and services tax by the Government of India as a part of indirect tax reform was highlighted in the meeting and was fathomed as an opportunity for insurers to increase coverage, penetration and product proposition. In addition, the discussion also focused on the following aspects:

1. strategies to expand penetration beyond urban centres and reach out to the rural population and the unorganized sector;
2. importance of reinforcing service standards related to market conduct, compliance, risk management and internal audits; and
3. establishment of a standing forum at the life council to examine court rulings and extract insights, helping to establish consistent standards in solicitation, underwriting and policy servicing.

This edition of the newsletter captures the key regulatory developments in the Indian insurance sector between July – September 2025.

Clarification on Maintenance of Information Regulations

IRDAI *vide* its circular clarified that any records (including electronic records) collected by any foreign reinsurer's branches and Lloyd's India (including its syndicates and service companies) under the Maintenance of Information Regulations should be maintained in India.⁷

Master Circular on Rural, Social Sector and Motor Third Party Obligations

IRDAI issued the Master Circular on Rural, Social Sector and Motor Third Party Obligations, 2025 (“**RSM Master Circular**”) specifying the obligation of the insurer for FYs 2025-26 and 2026-27. The RSM Master Circular outlines the obligations of insurers, along with the methodology of arriving at the obligations with respect to rural sector, social sector and motor third party business. Some of the key provisions are as follows⁸:

The RSM Master Circular is applicable to all life, general and stand-alone health insurers (“**SAHI**”).

1. The obligations of insurers with respect to rural sector are:
 - a) every life insurer to cover minimum specified percentage of lives under individual and/or group insurance policies in allocated gram panchayats;
 - b) every general insurer (other than SAHI, Agriculture Insurance Company of India Limited (“**AIC**”) and Export Credit Guarantee Corporation of India Limited (“**ECGC**”)) to cover minimum specified percentage of (i) dwellings and shops under fire insurance, and (ii) vehicles under motor insurance in allocated gram panchayats; and
 - c) every general insurer (including SAHI, other than AIC and ECGC) to cover minimum specified percentage of lives under (i) health insurance and (ii) personal accident insurance in allocated gram panchayats under individual and/or group insurance policies.
2. The obligations of insurers (life, general and SAHI excluding AIC and ECGC) for the second and third year with respect to the social sector are determined based on the minimum percentage of lives to be covered under the social sector as a proportion of total lives covered. The prescribed minimum threshold is 10% for FY 2025-26 and 12% for FY 2026-27.

⁶ Press Release dated September 17, 2025

⁷ Circular no. - IRDAI/SUP/CIR/MISC/84/7/2025 dated July 22, 2025

⁸ Circular no. - IRDAI/NL/CIR/RSS/85/07/2025 dated July 25, 2025

3. The insurer is required to submit returns to the Authority as prescribed under the RSM Master.

Amendment to the Revised Guidelines on Insurance Repositories

IRDAI amended the Revised Guidelines on Insurance Repositories, requiring an insurance repository to have its controls, systems, procedures and safeguards reviewed by an external auditor who is either a Certified Information System Auditor, a Chartered Accountant with DISA Qualification or a CERT-IN certified expert. The review is to be conducted at least once a year and at the cost of the insurance repository.⁹

Proposed Amendments to the Indian Insurance Companies (Foreign Investment) Rules, 2015

The Ministry of Finance (Department of Financial Services) issued Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025 ("**Draft Rules**") to propose amendments to the Indian Insurance Companies (Foreign Investment) Rules, 2015. The Draft Rules are yet to be notified. Some of the key proposals of the Draft Rules are as follows¹⁰:

1. **Relaxation in compliance for insurers with foreign investment:** The Draft Rules propose to ease the compliance by removing the requirement to appoint majority of the directors and KMPs as resident Indian citizens. Insurance companies with foreign investment would only need to ensure that one amongst the chairperson of the board of directors, managing director, or chief executive officer is a resident Indian citizen.
2. **Ease in compliance for insurance companies with more than 49% foreign investment:** The Draft Rules propose to omit the conditionality with respect to 50% of the board of directors to be independent directors. Additionally, the net profit condition requiring an insurer to maintain at least 50% of the net profit for the financial year in the general reserve, if (a) dividend is paid; and (b) solvency margin is less than 1.2 (one point two) times of the control level (150%) of solvency, is also proposed to be removed. The proposal is in line with Government's commitment to attract foreign investment and enhance ease of doing business.
3. **Increase in foreign investment in insurance companies:** The Draft Rules propose to omit provision which limit the foreign investment in insurance companies to 74% and provide that the foreign investment proposals for insurance companies will be allowed for the paid-up equity capital as stipulated under the Insurance Act, 1938 ("**Insurance Act**"), subject to IRDAI verification.
4. **Relaxation for insurance intermediaries:** The Draft Rules suggest omitting the requirements for an insurance intermediary with majority foreign investment to have majority of directors and KMPs and one amongst the chairman of the board of directors or principal officer or managing director or chief executive officer as resident Indian citizen. The proposal completely removes any restriction on the residency status and is more liberal than for insurance companies.

⁹ Circular no. - IRDAI/INT/GDL/MISC/87/7/2025 dated July 29, 2025

¹⁰ Ministry of Finance (Department of Financial Services) Notification No. G.S.R. 591(E) dated August 29, 2025

Insurance Practice

JSA is a trusted advisor to leading insurers, reinsurers, brokers, underwriters and consultants on complex transactions, disputes, financing and regulatory and commercial matters. The team with domain-expertise in the sector has an unparalleled ability to assist insurance companies in their Indian operations. JSA has been keenly involved in advising private players both in life and non-life insurance sectors on diverse matters relating to: (a) Regulatory approvals; (b) Compliance requirements; (c) M&A transactions; (d) corporate and regulatory issues; (e) Litigation relating to insurance claims.

This Newsletter has been prepared by:



Sidharrth Shankar
Partner



Shivangi Sharma Talwar
Partner



18 Practices and
41 Ranked Lawyers



7 Ranked Practices,
21 Ranked Lawyers



14 Practices and
12 Ranked Lawyers



12 Practices and 50 Ranked
Lawyers



20 Practices and
22 Ranked Lawyers



8 Practices and
10 Ranked Lawyers
Highly Recommended in 5 Cities



Recognised in World's 100 best
competition practices of 2025



Among Best Overall
Law Firms in India and
14 Ranked Practices



Asia M&A Ranking 2024 – Tier 1

Employer of Choice 2024

Energy and Resources Law Firm of the
Year 2024

Litigation Law Firm
of the Year 2024

Innovative Technologies Law Firm of
the Year 2023

Banking & Financial Services
Law Firm of the Year 2022



Ranked Among Top 5 Law Firms in
India for ESG Practice

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2022

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